



Rebirth of Manufacturing Jobs: The Need to Revitalize the Industry!

Despite reports that the U.S. economy is in the recovery stage, job creation is still a struggle. Industry and the country must focus on a renewed emphasis of breathing new life into the manufacturing sector.

The National Association of Manufacturers and its Council of Manufacturing Associations published a report in January 2010 titled “*Manufacturing Resurgence: A Must for U.S. Prosperity.*” The report identifies the reasons why we must all do our part to revitalize the manufacturing base:

1. An increment to manufacturing production creates more economic activity both within and outside the sector than does a similar increment in any other major sector because of manufacturing’s high multiplier effect and its extensive linkages to other parts of the economy.
2. Manufacturing industries perform almost two-thirds of private sector R&D and have the highest R&D intensity, as a percent of sales, of any major industrial sector.
3. Historically, manufacturing’s innovations and investment raised its productivity faster than other large sectors and boosts overall productivity growth, the source of improvements in its standard-of-living.

To accomplish this revitalization of the manufacturing sector, businesses will need the help of the public and private sectors. Policymakers need to provide an infrastructure with the necessary resources – a favorable tax and regulation structure supporting the growth of manufacturing. Businesses need to endorse and join regional consortiums, invest in support reshoring initiatives and adopt Training Within Industry (TWI) programs, again. The [Association for Manufacturing Excellence](#) (AME) invites others to join them in enhancing and sustaining economic growth to create jobs by deploying these three initiatives: Consortiums, Reshoring and Training Within Industry programs.

Consortiums

To sustain and grow industry, we must all first determine how to breathe new life into manufacturing. Michael Porter, Bishop William Lawrence University Professor at the Harvard Business School, shares his insight on fostering global economic growth and sustainability through the establishment of industry clusters also referred to as consortia. “Clusters affect competition in three broad ways: First, by increasing the productivity of companies based in the area; second, by driving the direction and pace of innovation, which underpins future productivity growth; and third by stimulating the formation of new businesses, which expand and strengthen the cluster itself.”

The most prosperous companies and regions are successful because they create higher-value products and get higher prices per unit of output. “The enduring competitive advantage in the global economy lies increasingly in local things — knowledge, relationships, motivation — that distant rivals cannot match,” says Porter. Consortia members participate in resolving problems related to the lack of a trained work force, regulations and an infrastructure for growing and or having access to needed resources. Local companies, academic institutions, government agencies, unions, and learning organizations can band together in consortia to become more competitive and reaping innovation benefits more effectively than companies 12,000 miles offshore and 12 time zones away.

Reshoring

After years of rapid globalization, companies are beginning to see the disadvantages of offshore production, including shipping costs, supply chain issues and inferior quality. This trend, known as onshoring, or reshoring, is gaining acceptance as a weak U.S. dollar and surging wage rates in low-labor-cost countries make it more costly to import products from overseas. Businesses looking to bring manufacturing back home can receive sizable incentives from state and regional economic development agencies to create more jobs in their region.

Harry Moser is the leader of the Reshoring Initiative for the National Tooling and Machining Association (NTMA) and the Precision Metalforming Association (PMA). He also works with AME to promote reshoring as part of its Rebirth of Manufacturing Jobs initiative. These associations recommend companies use a Total Cost of Ownership analysis tool to effectively compare total cost of local and offshore sources to make an informed business decision. Moser recently led a [webinar](#) focused on how to make an informed decision about the reshoring process. "We are committed to changing the sourcing paradigm from 'off-shored is cheaper' to 'local reduces the total cost of ownership,'" says Moser.

Training Within Industry Programs

As businesses start participating in consortia and reshoring initiatives, more jobs will be created. The demand for skilled workers will increase to include replacing the retirement of an aging workforce. To address these challenges, organizations are redeploying [TWI programs](#) that proved their worth more than 60 years ago to win World War II. The TWI methodology was very successful in training unskilled workers to build equipment and machinery for the war. TWI met two criteria that other training methods couldn't during wartime: one, the workers had to be trained very quickly and two, they had to perform their tasks with consistent quality. The TWI method has multiple components that address skills training, employee relations, continuous improvement and safety, but the heart of the person-to-person training is the transfer of knowledge in a minimalist format from trainer to student. Each worker is trained on the job to make the fullest use of his/her skills up to the maximum of his/her individual ability.

A Call for Action!

Policymakers have a critical role to play in growing the economy by ensuring the supply of high-quality inputs such as educated citizens, physical infrastructure, favorable tax and regulation structure, while fostering increased collaboration between public and private sector partners. These actions will lead to increased productivity and competitiveness to support the next generation of *Advanced Manufacturing and the creation of good paying jobs*.

AME endorses regional consortia, reshoring and TWI programs as key initiatives for breathing new life into the [Rebirth of Manufacturing Jobs](#), making businesses more competitive and their workers more productive in winning the global economic race. Through the knowledge and skills of its membership, AME is already leading the deployment of these three critical initiatives across North America.

AME invites other public and private organizations to share best practices and lessons learned to help grow and sustain a prosperous economy, while filling the demands for a skilled workforce, at their [2011 International Excellence Inside Conference in Dallas](#), October 24-28, 2011.

Glenn Marshall is a Director-at-Large of AME and Newport News Shipbuilding. AME is leading the "Rebirth of Manufacturing Jobs" initiative. Contact Marshall at glenn.marshall@ngc.com or go to www.ame.org for more information.